
Board Action Bulletin



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Board briefings

The *Fair and Accurate Credit Transactions Act of 2003* (FACT Act) amended the *Fair Credit Reporting Act* (FCRA) and requires federal financial agencies to write various regulations to implement the statute within a short time. To ensure the public is advised of possible upcoming regulatory actions, staff briefings were provided to the NCUA Board at its regularly scheduled March meeting.

New medical information requirements for financial institutions

The FACT Act adds a new section to FCRA restricting the circumstances when consumer reporting agencies may furnish consumer reports that contain medical information about consumers, and it adds a provision prohibiting creditors from obtaining or using medical information pertaining to a consumer in connection with determination of the consumer's eligibility, or continued eligibility for credit.

The NCUA Board was briefed on the general issues related to the upcoming, proposed interagency medical information rule required by the FACT Act that will be applicable to federal credit unions (FCUs).

With a statutory deadline of June 4, 2004, the federal banking agencies and NCUA are jointly drafting a proposed rule to implement medical information provisions of the FACT Act. The Act directs the five agencies to craft a regulation with appropriate exceptions to protect legitimate operational, transactional, risk, consumer and other needs, including actions needed for administrative verification. NCUA regulations will also address how FCUs can share certain medical information with affiliated credit union service organizations.

When the interagency group has agreed upon the finalized proposed rule, the NCUA Board plans to consider it by notation vote. The five agencies are expected to jointly issue a notice of proposed rulemaking for publication in the Federal Register in early April with a 30-day comment period.

Negative information disclosure requirements

The NCUA Board was also briefed on a possible interagency rule that would implement section 217 of the FACT Act.

Section 217 of the FACT Act requires an FCU to provide a clear, conspicuous written notice to a member before or no later than 30 days after it furnishes negative information to national consumer reporting agencies about credit extended to the member. Negative information includes information concerning a member's delinquencies or late payments. Section 217 allows FCUs to provide the notice with any notice of default, billing statement or other materials provided to members, except initial Truth in Lending disclosures. It also requires the Federal Reserve Board to issue a model disclosure form by June 4, 2004, that FCUs may use to comply with the notice requirement.

NCUA staff is participating in an interagency working group that is considering various options of how to approach implementation of section 217. When the interagency group agrees on a draft notice of proposed rulemaking, the proposal will be circulated to the NCUA Board for consideration and formal action.